

Comments on Land Use, Land Use Change, and Forestry (LULUCF)
Section of Consolidated Negotiating Text
OAP 6/13/01

Summary: New text on sinks is very similar to previous Pronk text versions, and continues to restrict sinks credits with discounts and caps. US and Russian potential sinks are reduced the most. A new eligibility provision would allow only Japan to receive full credit for its sinks, an additional 8 MMTC/year. The US would remain restricted to total sinks credits of about 58 MMTC/year and, due to the cap structure, would unlikely be able to gain any sinks credits through JI or CDM.

Potential Bad Precedents for Future Treaty:

- New highly specific criteria added only for the purely political purpose of giving one country—Japan—additional credits for sinks.

Potential Changes to Pronk Text (in rough order of importance):

- Pronk text approach for including sinks remains highly complex, with jerry-rigged formulas to address specific needs of individual Parties and to restrict overall sinks credits.
- Current cap structure provides disincentive for domestic sinks activities above business-as-usual, which have clear climate benefits, and precludes sinks activities in JI or CDM for the US.
- Renegotiate steep discounting of sinks activities (e.g., 85% reduction of Article 3.4 forest management). These discounts mix political concerns (namely the large scale of sinks) with unresolved scientific issues (e.g., uncertainties and CO₂ fertilization). The current science does not warrant such large discounts.
- In the CDM, allow more activities in addition to afforestation and reforestation (AR) to be eligible for the first commitment period, including avoided deforestation (high biodiversity and carbon benefits). 10-30% global CO₂ emissions due to deforestation. This provides incentives for more activities in key developing countries like Brazil, Indonesia, India and China.
- Delete the Japan exemption: New text adds exemption for Parties meeting three new criteria on energy efficiency, forest cover, and population density, up to 13 MMTC per year. Only Japan meets all three, and would be allowed additional 8 MMTC/y. Having these special conditions on the table opens the door to complicating the negotiations even further.
- Net-net structure of crediting for ag soils and grazing (i.e., comparing sequestration in 1st commitment period with 1990) reduces potential credits for US to about 10 MMTC/yr. At COP6 we expected 24 MMTC/yr (100% of our BAU projection).
- Set of general principles for all LULUCF activities advanced by the G77, which are hard to reconcile with the specifics in text that follows, difficult to implement, and make total eligible credits uncertain.

- Example: LULUCF “shall not change the aim stated in Article 3.1 of the Kyoto Protocol” (overall target for Annex I). Whether or not this could further impact sinks credits has never been clear.
- Charge to IPCC to develop methodologies to factor out indirect effects (e.g., CO₂ and nitrogen fertilization), and effects of pre-1990 forest management practices, needs to be revised to avoid preempting these two policy decisions.